

4:Grajdanzev--24-25 S-4 (no date) 1942

116, 162, 168, 656, 177.16

636.16

Formosans-1-3

Japan

"Racial Composition of the Population

Since Taiwan is a colonial territory, it is of more than ordinary interest to study the evolution of the racial composition of its population.

After more than forty years of Japanese domination the island thus remains Chinese in character. In 1938 Chinese made up 94 per cent of the population, while the Japanese, who constituted about 2 per cent of the total in 1905, now made up 5.3 per cent. Presumably this figure does not include Japanese soldiers stationed in Taiwan. At the time of the occupation [25] of the island the Japanese entertained high hopes for Japanese immigration

Racial Composition of The Population of Taiwan (1905-1938)

	Oct. 1, 1905		Oct. 1, 1935		Dec. 31, 1937		Dec. 31, 1938	
	Census		Census					
	Thousands	%	Thousands	%	Thousands	%	Thousands	%
Chinese	2,979.0	97.8	4,990.1	93.86	5,261.5	93.85	5,392.8	93.88
Japanese	59.6	1.93	271.4	5.12	229.3	5.33	308.8	5.37
Foreigners*	8.2	.27	54.1	1.02	46.2	.82	43.4	.75
Total	3,046.9	100.0	5,315.6	100.0	5,609.0	100.0	5,747.0	100.0

* Almost entirely Chinese who are citizens of the Republic of China.

Note:—For 1935, 1937 and 1938 'Chinese' includes also aborigines, numbering about 140,000.

4:Grajdanzev--24-25
116, 162, 168, 656, 177.16
636.16

S-4

(no date) 1942

Formosans-2
Japan

into Taiwan. Climatic conditions are suitable, the density of the population at that time was relatively low and there was no doubt that the island could support much larger numbers than were there. Subsidies were granted to settlers in general and to fishermen in particular and it was thought that in this way the island would be speedily 'japanized.' The results of the first seven years had already brought disappointment:

	Total Japanese arrivals	Total Japanese departures	Remainder
1898	13,214	3,078	10,136
1899	20,743	7,903	12,840
1900	20,995	11,291	9,704
1901	17,841	14,054	3,787
1902	13,821	11,478	2,343
1903	15,892	13,149	2,743
1904	11,564	12,155	591

After the rush of the first three years, when the Japanese administration of the island was organized and many persons were needed for the governmental apparatus, the number of immigrants fell sharply. As was shown above, the growth of the Japanese population

4:Grajdanzev--24-25 S-4

(no date) 1942

Formosans-3

116, 162, 168, 656, 177.16

Japan

636.16

on the island was not due to immigration alone, but also to natural increase. After subtracting this natural increase, the average annual number of immigrants is only 4,000 to 5,000."

4:Grajdanzev--25-26 S-4
116, 168, 464, 656, 609, 177.16
636.16

(no date) 1942

Formosans
Japan

"Since the occupation of the island, the Japanese authorities have forbidden the free immigration of Chinese. Coolies were [26] admitted in limited numbers each year for seasonal work but they were compelled to return to the mainland after the expiration of their contract. Besides the coolie class some Chinese could enter Taiwan for business purposes with the permission of Japanese consular authorities, but they remained Chinese citizens and were treated as foreigners. These two groups of Chinese make up most of the 'foreigners'. The fall in their numbers in 1937 and 1938 is connected with the Sino-Japanese war, for many then preferred to return to China and the total number of 'foreigners' is now comparatively small. Thus the purpose of the Japanese authorities—to exclude the Chinese from the island—has been accomplished, but this has been more than offset by the natural increase of the Chinese population."

4:Grajdanzev--48 [2]

S-4

(no date) 1942

Formosans

Japan

116, 241, 439, 656, 177.45

636.45

"Rice, as we shall see, is a cash crop; probably not less than two-thirds of the crop finds its way to the market. Sugar cane which constitutes from 12.2 to 19.3 per cent of the total, has special importance because the whole crop is marketed. Sweet potatoes and vegetables are chiefly for home consumption. Next in importance, in the order named, are tea, bananas, groundnuts, pineapples, tobacco, jute, and cassava. This almost complete dependence on rice and sugar cane is the result of government policy, as before 1905 the distribution of cultures was not so specialised. But now Taiwan has become a part of the economy of Japan and its function is to serve that country's needs."

4:Grajdanzev--52-53

S-4

(no date) 1942

Formosans

116, 243, 311, 656, 177.24

Japan

636.24

"Thus from 1905 to 1920 the area under rice expanded slowly and the yield per ko showed no increase, while from 1920 to 1935 the area under rice increased by thirty-seven per cent and the yield per ko of paddy increased also by thirty-seven per cent. The explanation of this difference does not lie in Taiwan, but in Japan proper. After 1920 the leaders of the Japanese government became worried over the rice supply of the Empire. The rapid growth of population and the insufficiency of domestic production brought a sharp increase of rice imports from abroad. From the annual average of ¥16.6 million in 1913-17 Japan's imports of rice rose to an annual average of ¥72.0 million in the period 1918-22.

Besides the difficulty of balancing payments abroad, the government did not like this dependence on foreign supplies in time of war. A program for the increase of rice production in Japan proper, Korea and Taiwan was worked out and the necessary measures applied, such as the construction of dams and canals for irrigation purposes, the enlargement of the net-[53] work of agricultural experimental stations, the distribution of small subsidies to new producers of rice as well as to those who would produce new varieties of rice selected by the stations. The fact that these measures were quite effective shows not only the efficiency of the administration but also the ability of the Chinese farmers to act in response to economic factors."

4:Grajdanzev--67-68

S-4

(no date) 1942

Formosans

116, 248, 433, 656, 177.24

Japan

636.24

"As will be seen, cotton does not occupy an important place in Taiwan's economy. But it does play an important part in Japanese imperial policy. As was mentioned, the Japanese authorities did not spare efforts to encourage the production of sugar cane and rice in Taiwan, not because it was in the interests of the island, but because it benefited Japan proper. Since 1927 the sugar industry has suffered from overproduction and in 1935-36 another spectre appeared on the Japanese horizon--the overproduction of rice. A discussion began as to how the production of rice in Taiwan might be limited. A rice monopoly was suggested and was later applied, but for a somewhat different purpose. Instead of rice, the authorities proposed to encourage the production of textile fibers and oilseeds in Taiwan and, partly owing to the shortage of foreign exchange in time of war, more attention was given to cotton than to anything else. A plan was worked out for the production of 100 million kin of cotton at the end of the ten-year period beginning with 1937, on an area of 100,000 ko, i.e. more than ten per cent of the cultivated area of the island. The first year's crop (according to the Japan Year Book, 1939-40 [68] is estimated at about 6 million kin, or, already six per cent of the goal. We do not know on what the data of the Japan Year Book are based, but in Taiwan Jijo, published in December 1939, the plan provided for an area of only 50,000 ko in 1946 and the production of only 35 million kin. According to the same source, there were 4,800 ko under cotton in 1938 and the crop was 1,816,983 kin--as one may see, very far from 6 million kin. The average yield was 2.26 quintals per hectare--a low figure for a region of intensive agriculture."

4: Grajdanzev--68 [2] S-4

(no date) 1942

116, 241, 471, 656, 177.65

636.65

Formosans

Japan

"These examples--the cotton plan and horse-breeding plan--are extremely significant. The government officials work out plans which can hardly be called realistic and yet the successes of agriculture in Taiwan are very frequently ascribed to the government's efforts and plans."

4:Grajdanzev--126-128

S-4

(no date) 1942

Formosans

Japan

116, 426, 453, 656, 177.42
636.42

"Another bank whose loans are far above deposits is Nippon Kangyo Bank, or the Japanese Bank for the Encouragement of Business. Actually this bank is a mortgage institution and [128] is in the forefront of the organizations which extend Japanese control over real property in Taiwan."

4:Grajdanzev--140

S-4

(no date) 1942

Formosans

116, 563, 656, 177.47

Japan

636.47

" 'Encouragement of industry', on which the government planned in 1939 to spend 11.5 million yen from the general budget and 6.5 million from local budgets, consists of subsidies to Japanese industrialists and entrepreneurs in general. The budget for 1939, for example, provided for the following grants to Japanese companies: 1,743,000 yen to oil companies, 1,447,000 to shipping lines, 1,640,000 to airlines, 72,000 to private rail-ways, 629,000 to gold producers. It is clear that these expenditures enriching the Japanese entrepreneurs give at best, as was shown above, low-paid work for the Chinese."

4:Grajdanzev--144-146
116, 439, 656, 722, 177.43
636.43

S-4

(no date) 1942

Formosans-1-3
Japan

"These tables [pages 143-144 in category 116--analyst] are of some value beyond the topic of immediate interest. Elaborate theories of international trade have been constructed, the purpose of which is to explain the movement of international trade as distinct from internal trade, but these theories pay little or no attention to factors of political control which are so often of paramount importance in this sphere. Before the occupation of Taiwan, Japan occupied a very modest [145] place in the trade of the island and even after the conquest, her share was at first small; in the period 1896-1900 imports from Japan made up on the average only 27 percent of the total and exports to Japan, only 19.6 percent. It is true that these figures are rather too low because of the absence of data on Japan's trade in 1896, but if these data were available, they would probably increase Japan's share by only 4 or 5 percent. The fact is that even after the occupation of the island, and in spite of the presence of large detachments of troops and swarms of Japanese officials and adventurers, trade continued for some time to flow chiefly in the old channels. However, this situation was soon changed. In 1926-1930 exports to Japan amounted to 85.5 percent of total exports and in 1937 reached a maximum of 93.2 percent, a figure probably unsurpassed in the history of other colonial countries. The same development was achieved in imports. In 1926-30 Japan's share was 68.3 percent, in 1931-35 it was 83.4, and in 1938 it reached a maximum of 89.4. The slight fall

4: Grajdanzev--144-146

S-4

(no date) 1942

Formosans-2

116, 439, 656, 722, 177.43

Japan

636.43

in Japan's share in 1938 and 1939 is apparent rather than real, for in these years Kwan-tung, Manchoukuo, and maritime China became to all intents and purposes Japanese colonies and for the Japanese in Taiwan it makes no difference from the point of view of profits and foreign exchange whether they trade with Japan or with these regions. In 1939 the share of this 'yen bloc area' of Taiwan's trade was 97.8 percent of her exports and 96.5 percent of her imports. For comparison let us look at the share of China. In 1896-1900 her share in Taiwan exports averaged 63.1 percent, in 1926-30, only 7.0, in 1936, 2.0, and in 1937, 1.3. The same picture appears in the case of imports, for which the corresponding percentages are 37.4, 13.8, 2.9, and 1.9. China is near, --just across the Taiwan Strait, her population is vast her cities are growing, her products are held in high esteem by the Chinese population of the island, she is in great need of Taiwan's products, and yet the trade between these two regions continued to fall catastrophically. But in 1937-1938 the most important points on the Chinese coast were occupied by the Japanese. By 1939 the area under the latter's domination has increased further, and a surprising change is occurring [sic]--the trade of Taiwan with China now shows a remarkable increase. [146] In 1937 exports from Taiwan to China were valued at 5,575,000 yen, but by 1939 they had risen to 33,840,000. Imports from China in 1938 were valued at 1,954,000 yen, in 1939, at 4,253,000. Although China experienced war in the last three years, though many of her cities were ruined, and the purchasing power of the population has fallen, the trade is better than at the start of the conflict. The reason for this reversal

4:Grajdanzev--144-146

S-4

(no date) 1942

Formosans-3

Japan

116, 439, 656, 722, 177.43

636.43

lies not in the economic situation; it is rooted in the change in the political conditions for now maritime China is virtually a Japanese colony.

This will help us to understand why the foreigners--British, Americans, and others--were gradually ousted from Taiwan. Before 1895 British and American trade with the island was larger than that of Japan, the most important branches of trade, as well as shipping, were in British hands. The British owned Douglas Co. monopolized shipping, the Hongkong and Shanghai Banking Corporation dominated the financial sphere, Jardine Matheson, Dent, and Samuel Samuel traded in camphor, sugar, tea, and other products, while the trade in rice was chiefly in the hands of Chinese. Mitsui Bussan--the pioneer Japanese firm--did not appear on the island till 1898. The share of Great Britain in Taiwan's imports fell from 7.3 percent in 1896-1900 to 0.1 in 1936 and to almost zero in 1939, while in the same period that of the United States fell in 1896-1900, 3,413,009 in 1929, and 1,750,000 in 1939. from 5.3 to 1 and to 0.4. [sic] In 1896-1900 Taiwan's average annual imports from Great Britain were valued at 1,326,000 yen, in 1926-30 (in depreciated yen) at 3,083,000 yen and in 1936, at 392,000. The imports from the U.S.A. amounted to 957,000 yen in 1896-1900, 3,413,009 in 1929, and 1,750,000 in 1939. (The purchasing power of the yen of 1939 is probably not more than one-fourth of what it was in 1896-1900.)"

4:Grajdanzev--146-147

S-4

(no date) 1942

Formosans -1-2

116, 439, 477, 563, 656, 177.47

Japan

636.47

"Independent trade and foreign business are at an end (1) and the handful of foreigners

1. Identical amounts of foreign trade may mean different things for a nation; thus if an American firm buys tea in Taiwan, transports it to the United States in an American ship and sells it to retailers, the net result for the United States is very different from the case where a Japanese firm buys tea in Taiwan, brings it to the United States in Japanese bottoms, and sells it to American retailers.

in Taiwan are in a precarious position. In his [147] book 'Taiwan under Imperialism' Tadao Yanaihara explains this in the following way (2): in their competition with foreign

2. Yanaihara, op. cit., pages 48-49.

and Chinese merchants the Japanese traders had great capital; they also entered the sphere of production; they had the advantage of the cooperation of the Taiwan Bank; they were helped by state monopolies; they enjoyed subsidies from the state; they were protected by the tariff wall. But nowhere in his book does Professor Yanaihara give proof that the Japanese merchants had greater amounts of capital when their enterprises were organized. The huge capital funds were not brought from Japan; they were created in Taiwan itself. Neither can any reason be found for combination of trade and production

4:Grajdanzev--146-147

S-4

(no date) 1942

Formosans -2

116, 439, 477, 563, 656, 177.47

Japan

636.47

as a cause of their success. According to his own statement (op.cit., page 48), the foreign traders and shipping were almost completely driven out (hotondo kuchiku serarete) by 1907. But at that time no Japanese took any part in the production of rice, whereas in tea production Mitsui Bussan Co. and Nozawa have participated only since 1907. As late as 1905 about 90% of the sugar was produced in primitive mills and only 4,535 tons in the mills of the newly-established Japanese enterprises, while the total exports of sugar for 1905 were but 42,600 tons. Pineapples and bananas were unimportant as articles of export in these early years: bananas appeared in the custom reports in 1907 (valued at only 44,129 yen), pineapples to the value of only 18,639 yen were exported in the same year. Since camphor became a monopoly, there is no question of competition with respect to it; while alcohol was practically not exported. "

4:Grajdanzev--147

S-4

(no date) 1942

Formosans

116, 171, 477, 656, 177.47

Japan

636,47

"The establishment of a Japanese bank does not of itself mean that Japanese merchants would enjoy privileges in it in comparison with other clients. There remain then monopolies, subsidies, tariff walls and--we add--taxation policy, administrative pressure and other similar measures as causes of the Japanese commercial success. The same measures were applied in Korea, later on in Manchuria and are now being used in China."

4:Grajdanzev--170 [21 S-4
116, 204, 563, 656, 177.20
636.20

(no date) 1942

Formosans-1-2
Japan

"Now let us turn to another important sphere of cultural activities—newspapers. In Taiwan no newspaper can be published without the permission of the government-general, and the government-general has established a 'custom' of permitting only one newspaper to a city, so that up to 1932 there were only four newspapers in Taiwan, all in the Japanese language, though they sometimes carried a column in Chinese (1). Five

1. In 1937 a fifth one was permitted for Takao.

million Chinese in Taiwan had no newspaper of their own. In 1932 permission was granted to a Chinese weekly to appear as a daily, so that for the first time since the Japanese conquest the Chinese could read their own newspaper—Taiwan Shin-minpao. However, this experiment was short-lived. In 1937 it was decided that the people now know the Japanese language so well that no obstacles should exist to the japanization of the islanders. On March 1, 1937, all Japanese newspapers and the Chinese one carried a notice to the effect that after April 1 (for the Chinese newspaper, after June 1,) they were to cease publication of columns in Chinese (2).

2. Information on the newspapers is taken from Nippon shimbun nenkan, 1939, pp. 143-145. It is confirmed also by Sekai nenkan, 1929.

4:Grajdanzev--170 [21 S-4

(no date) 1942

Formosans-2

116. 204. 563. 656, 177.20

Japan

636.20

Thus after 1937 five and one half million Chinese could not read a newspaper in their own language, though most of them do not know Japanese."

4:Grajdanzev--178-179 S-4

(no date) 1942

Formosans -1-2

116, 467, 656, 668, 177.66

Japan

636.66

"In October, 1921, Lin Hsien-t'ang, Ts'ai Pei-ho (who was arrested in 1923), Chiang Wei-sui and others organized the Taiwan Bunkakyokai (Taiwan Cultural Society), which very soon became the centre of the national movement among the moderate elements. But in 1926 the Marxist groups made their appearance on the island for the first time when twenty Chinese formed the Taiwan Proletarian Youth League (Taiwan Musan Seinenkai). Since that time the political movement has separated into two branches—the Moderates centered around the Bunka Kyokai and were strongly represented in the Taiwan Agricultural Cooperatives, and the revolutionary Marxist organizations closely connected with the workers union (Taiwan Koyuso remmei), which in 1928 was reported to have had as many as 6,367 members and to have organized several successful strikes. However, after 1928 there began a new era of suppressions and arrests and one after another the Chinese organizations fell victims to it. The Marxist groups were the first to go. In 1931 the Taiwan Koyuso remmei was suppressed and finally in August 1937 even the most moderate movement of the right wing organizations, the purpose of which was the reform of local government, was dissolved on the claim that the government had already realized this reform.

This, of course, does not mean that all these movements were eradicated; they went underground, and continued their struggle, but the government suppression made even moderate groups more radical than they were before. In 1931 Taiwanese in Shanghai reorganized their Taiwan Youth Party into the Anti-imperialist League. It had close

4:Grajdanzev--178-179

S-4

(no date) 1942

Formosans -2

116, 467, 656, 668, 177.66
636.66

Japan

connections with Taiwan, where its members from time to time were rounded [179] up
by the police."

4:Grajdanzev--191 [21 S-4 (no date) 1942
116, 162, 563, 668, 656, 723, 177.66
636.66

Formosans
Japan

"It was shown in the first chapters of this book that the Japanese on the island form only a very small part of the population of the island. The mass of the population is formed by the Chinese who came to the island from Fukien and Kwangtung. In spite of the Japanese government during the past decades they have remained Chinese in their thought, in their language, religious beliefs, customs, dress. The importance of Taiwan as a base for Japanese aggression is in this respect anomalous. An island where there are more than five million potential (and in some cases actual and active) enemies cannot be considered as a perfect base. Just across the straits lies China, unconquered in spite of four years of war. Underground organizations of Chinese exist on the island, and their representatives in Chungking claim many achievements, including acts of sabotage, open fighting with the Japanese troops by Taiwan guerillas and so on. There is no way to check these claims, because the [Japanese--analyst] Government-General a long time ago turned Taiwan into a news-proof prison, from which no information is available, except that which the Government-General pleases to publish for the benefit of credulous foreigners."

15: U.S. Navy--26 [12]

(no date) 1944

Formosans

116, 511, 656, 177.65

Japanese

636.65

"The Japanese have immeasurably improved living conditions in Taiwan by systematically developing communications, public health measures, commodity distribution, agricultural planning and the like. Their efforts have been directed toward the improvement and control of the livelihood of the Formosan in order that he may better contribute to the total economic and strategic value of the island. Brigandage has been eliminated and the roads made safe. The whole organization of Formosan life has gone through much the same development and standardization that Japan has experienced since 1868, save that in Taiwan change has been an official policy executed methodically under police supervision with no regard to local opinion or tradition."

15: U.S. Navy--29 [4]
116, 364, 651, 656, 177.65
636.65

(no date) 1944

Formosans
Japanese

"The Japanese have enforced rigorously a system of household registration. At the door of each dwelling there is displayed a plaque bearing the name of the head of the house. Near it are pertinent receipts or certifications received from the police which testify to registration at the nearest police station, house-inspection and approval, vaccinations or inoculations required of all members of the household, certain tax receipts, and such other data which the police may require from time to time to be displayed in a public and easily checked place. In the cities small insignia or notices indicate the public utilities available in each house."

15: U. S. Navy--31 [5]

116, 466, 656, 177.46

636.46 —

(no date) 1944

Formosans

Japanese

"Through direct employment and through indirect control of the large agricultural and industrial companies, the Japanese government is the largest single employer of Formosan labor. Control and supervision has been strict since the Japanese occupation of the island, but the progressive invocation of the National Mobilization laws after the outbreak of the China 'Incident' has made government control of labor complete. Although there is evidence of chronic discontent among laborers on Taiwan since the 'liberal' days of the 1920's, government policy has been careful to prevent the development of any leadership. The usefulness of Taiwan as a base for military operations and as a link in the new imperial system depends upon the smooth functioning of transportation and communication and (to a growing degree) of industrial activity. All this in turn depends upon the strict control and obedient service of Formosan-Chinese labor, both skilled and unskilled. The Japanese fear any labor agitation, and realize that they are extremely vulnerable to slow-down tactics, if these should be initiated."

15: U.S. Navy--32 [3]
116, 466, 467, 656, 177.46
636.46

(no date) 1944

Formosans
Japanese

"In 1931 the upsurge of reactionary power at Tokyo made possible the outbreak of the Manchurian Incident and the stage was set for the war program. Labor leadership, labor organizations and union programs came to an end much more quickly in Taiwan than in Japan Proper. By the end of 1931 everything which smacked of opposition had been suppressed. The employers in the strategic industries, transportation and communications are official or semi-official bodies. Hence there can be no dispute over labor questions."

40: Kirk --19 S-2
116, 185, 208, 461, 656, 177. 20

(no date) 1941

Formosans
Japanese

"The common people today are called upon to make so many sacrifices that the government is appealing to their sense of loyalty to the Empire and to their intense national patriotism to keep the masses united and in a mood to endure further privations. The present campaign for 'Spiritual Mobilization' includes (1) encouragement of savings, spending nothing for luxuries and very little for necessities ; (2) mobilization of gold; (3) free gifts of labor, money, and materials to help carry on the war; (4) improvement of health and training to increase the stature. Very few persons are exempt from labor services. Road and bridge building, flood prevention, cleaning and caring for shrines and shrine grounds, clearing and cleaning airports, and tree planting are types of labor which any able-bodied person may be called upon to do. When a worker receives notice to report on a certain day and at a certain time and place, he usually thinks twice before he dares to ignore the summons."

"Chinese culture. The government officials of Taiwan are trying to abolish the Chinese culture patterns of the Formosan people. The 'Spiritual Mobilization' program formulated as a result of the 'China Incident' involves radical changes in social customs and religion as well as the substitution of Japanese for the Formosan language. A number of social customs are particularly objectionable to the Taiwan government. (1) Foot-binding is still practiced among the Taiwanese women, especially among those whose forefathers came originally from Fukien, China, although the custom is now prohibited by law. In 1905, according to official statistics, 59.6 per cent of the entire female population had deformed feet, in 1915 the percentage had dropped to 17.4 per cent, and in 1920 only 11.8 per cent of the women were victims of foot-binding. Today the young women are practically free from this affliction, but many of the older women are cruelly misshapen and walk with extreme difficulty. (2) The Japanese are trying to change the burial customs of the Formosans by urging cremation to promote sanitation and to conserve the land. The Chinese are reluctant to give up [22] the time-honored practice of depositing their dead in concrete mounds and vaults, and resent any interference on the part of the government. (3) Firecrackers, so dear to young and old, are no longer permitted. The Chinese find that the noise quickly brings the military police to the scene; so they comply with this law. (4) Another law which the subject people frequently disobey, however, is the prohibition of gold and silver religious papers, which the

40: Kirk--21-22
116, 185, 656, 177.18

S-2

(no date) 1941

Formosans-2
Japanese

Chinese persist in burning at their temple ceremonies. (5) Traditional Chinese costumes no longer meet with the approval of the ruling class. The Taiwanese who discard their native dress are more apt to receive favors from the military police. Guardians of the law have been known to cut cloth buttons from the garments of Formosan Chinese in public. (6) The traditional Chinese theater is no longer free to give performances of classical plays in the old style. Actors must appear in modern or Japanese clothes, and preferably in plays which dwell upon Japanese themes of loyalty and Bushido. The Taiwan puppet plays are illegal except by police permission. (7) 'Due to the present situation,' storytellers are no longer allowed free speech. (8) The Japanese are opposed to betel-nut chewing and are anxious to put a stop to the habit, but they have not yet taken positive action. The natives buy and use betel nuts without police interference. (9) As opium is a government monopoly, the Japanese are in a position to exercise strict control. Opium smoking, it is claimed, is declining rapidly. (10) The Taiwan officials do not approve of native dances and festivals, but permit a few savage tribes to stage their traditional dances under close supervision."

575 number began to decline. Some associations disappeared, some remained in name only. Some associations with properties were troubled by disputes among their members.

B. Under the Japanese Rule

- 656 575 Strength arises from unification. The new rulers of Formosa in general looked with disfavor on associations of the Formosan people, with the exception of those which facilitated their administration.

From the political point of view there were two categories of associations: those promoted or approved by the Japanese government, and those voluntarily organized by the Formosans and not welcomed by the government. Among the former were: (1) industrial and occupational associations; (2) associations for educational and social development; and (3) social clubs, philanthropic and religious associations.

Many associations were sponsored and controlled by the government, often with government officials as their directors, and had their offices in government buildings. In fact there were auxiliary agencies for administration, and were not voluntary associations of the people. Most associations for the promotion of production belonged to this type. For example, associations of farmers

656
575 were called "Agricultural Associations".

It was not an association of farmers for co-operation and improvement of agriculture. Participation was compulsory, membership fees were collected along with taxes, and farmers received only instruction and supervision. Associations for animal husbandry, for fishing, for forestry and irrigation were similar in nature. Co-operatives for fruit growers (banana, citrus fruits, etc.), associations of various trades, chambers of commerce were more autonomous, but government control and supervision were always in evidence. There were various kinds of occupational and professional associations for physicians, lawyers, teachers, etc., and though the Formosan people were allowed to join them as members, they were all controlled by the Japanese.

Associations for educational and social development were also numerous. There were parent-teacher associations called "father and elder brothers" association to help school education. There were householders' associations and housewives' associations to promote adult education. In addition there were youth associations, girls' associations and boy scouts for young people. Community Development Association, Landlord-Tenants Associations, Sanitary Associations, Athletic Associations, the Red Cross, Patriotic Women's Associations, Association for the Improvement of Living, Associations for the

• 656 Reformation of Bad Habits and Customs
575 (such as prostitutes and drinking), etc.
are further examples of this type. Many of these associations were organized under government encouragement in response to the new situation after the 1920's in order to distract the awakening Formosans who were grumbling against colonialism.

Social clubs for hobbies, recreational, literary artistic and cultural activities were organized freely by the Japanese. A selected number of Formosans were permitted to join these clubs. Philanthropic agencies had existed since the Manchu era. Some of them were reorganized and new agencies were added during the Japanese era. Religious groups with the exception of Christian minors, were less active.

Voluntary Associations of the Formosans

668 As folk associations waned with the change of social life after World War I, the Formosan people began to form their own voluntary associations of a modern type.

1. Political Associations

After World War I the spirit of democracy permeated the whole world. In Japan serious problems appeared and democratic and socialistic movements became widespread.

47) the transfer transactions are completed, the government will still control 60 per cent of the total value of industrial output.

656 Another adverse factor affecting the development of private enterprise is the multiplicity of government controls. The prices of coal, cement, fertilizer, and many other goods are regulated by the government. "The government also operates a supply bureau, through which small private manufacturers secure much of their imported raw materials. Banks, foreign exchange, and import and export licenses are controlled by the government; the sale of exports is permitted by the government only at prices above fixed floor prices."¹⁵ In the field of taxation, inequities are widely reported. The discrimination in favor of public enterprises and the vexatious government controls seriously hamper the 178 growth of private industry. Formosa is 422 emerging from a colonial economy into a self-sufficient economic unit. The need for the production of goods and services is tremendous. The creation of new employment opportunities is also imperative on account of the enormous increase in population in recent years. In future industrial expansion, private enterprise

15. Raper, op. cit., p. 10.

438 belief has been, particularly in the postwar
434 years, that in Formosa more opportunities
for money-making exist in trade and enterprise
than in other fields.

A. Channels of Trade

438 The marketing system of Formosa is in
• 656 part free and in part controlled. Certain
commodities are strictly in the hands of the
government as far as production and distribution
are concerned. Prices of some commodities
[436] are regulated and the movement of other
commodities is controlled by the government.
Some commodities are controlled in their
production phase and some in their distribution
phase. Since it is difficult to describe the
marketing system in general terms, the process
as it applies to a few typical commodities will
be discussed.

Rice: To effect control on movements of
rice, the Provincial Food Bureau has established
seven food districts on the island • Taipei,
Hsinchu, Taichung, Tainan, Kaohsiung, East
Taiwan, and Penghu - designating each as
either "surplus," "self-sufficient," or
"deficient." Only the Taipei and Penghu districts
are considered deficient areas. Taichung,
Hsinchu, Kaohsiung, and Tainan are surplus
districts. The regional movement of rice is
determined at the discretion of the Provincial

438 Food Bureau. Shipment of rice from one district to another is prohibited unless prior permission has been granted by the local district office or a branch office of the Provincial Food Bureau. For example, a Taipei merchant cannot purchase and move rice from the Tainan district without permission from the district office of the Provincial Food Bureau in Tainan.

442 Within this framework of control, rice merchants engage in one or more marketing activities -- transporting, milling, wholesaling, or retailing. They may be roughly classified into eight groups:

1. Local wholesalers and retailers -- receive unhulled rice from farmers for milling and sell to local retailers or to wholesalers at transit market.

2. Wholesalers at transit market -- buy rice, mostly brown, from the local wholesaling mills and sell to wholesalers at consumption markets, say in Taipei. These merchants are usually located in Taichung and Hsinchu, and at times they utilize the service of brokers to effect sales.

3. Wholesalers and retailers at transit market -- their function is the same as the wholesaler at transit market, although

442 function independently to provide sales
443 facilities for some large mills which engage
only in processing.

In addition to the independent activities described above, some rural co-operatives also store, mill, and wholesale rice.

As of early 1953, there were 8,115 rice merchants of one kind or another on the island: 2,813 wholesalers, 2,305 retailers, 2,936 mill operators, 49 brokers, and 12 warehousemen.³

656 The Provincial Food Bureau, as well
435 as maintaining control over the movement and distribution of rice, also acquires a considerable amount of the rice produced yearly (some 30 per cent in 1951), since the government may barter fertilizer (which it controls) in exchange for rice and also receives some rice in payment of taxes. The bureau rations its rice to civil employees and sets aside a certain amount

3. Hsieh Shen-chung, "T'ai-wan Ti Nung-ch'an Yün-hsiao Chih-tu," ["The Marketing System of Agricultural Produce in Taiwan"], T'ai-wan Ching-chi Yüeh-k'an [Taiwan Economic Monthly], Vol. 10, No. 4, Taipei, April 1954, pp. 29-34. The classification used here appears rather arbitrary. It may be that those registered as wholesalers are also engaged in retailing.

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1/1 Each year to meet emergencies and maintain a
stable market price.

111) Vegetables: Taipei, with a population
113 of nearly 700,000 as of late 1955 consumes more
vegetables (as well as other commodities) than
other cities on the island. Vegetables for the
city are produced in its suburban areas and
in the regions of Taichung and Changhua during
spring and winter. Yilan also supplies a
sizable quantity of vegetables to Taipei (about
3,000 metric tons a year). Producers in the
vicinity of Taipei sell vegetables directly to
consumers or to local vegetable traders who
sell to city dealers. In areas at a greater
distance from the consumer, local vegetable
traders sell to sales-agents, who sell to
retailers at 6 per cent commission. The
retailers clean and grade the vegetables
before offering them to the public.

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3117 Salt: The Taiwan Salt Works, the sole
producer of salt in Formosa, supplies salt
directly to industrial consumers. The supply
to general consumers is controlled by the
Provincial Food Bureau, which has offices
near railroad stations in the vicinity of the
salt fields. The allotment of salt to licensed
wholesalers is governed by directives from
the Provincial Food Bureau.

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125 Cement: Cement was originally distributed under the supervision of the Cement Distribution Secreening Committee of the Provincial Department of Reconstruction. To effect tighter control over the sale and use of all building materials, cement was placed under the supervision of the Provincial Supply Bureau in September 1953. The bureau determines allotments to building material traders' associations and cement traders' associations throughout the island; they in turn allocate cement to their members, and the members to consumers. The wholesale price is fixed, currently at NT \$30 per bag (about 50 kgs.); however, the retail price is allowed to fluctuate according to supply and demand -- about NT \$50 per bag in early 1955, and about NT \$40 in late 1955.⁴

655 Tobacco and Alcoholic Beverages:

Production and distribution of these goods are completely under government monopoly. The Taiwan Tobacco and Wine Monopoly Bureau has eleven branches and two business offices, which handle distribution of these commodities to three types of wholesale establishments -- the city, county, and town co-operatives; the

4. Kung-shang Yüeh-k'an [Industry-Commerce Monthly], Vol. 3, No. 10, p. 94; The Central Daily News, Dec. 4, Dec. 15, 1955.

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471 There was still another category, a somewhat subtler one, by which
 454 Japanese investment was injected into Taiwan's economy. This con-
 438 sists of what might be called organizational changes, like banking
 facilities and the formation of stable domestic markets for disposing
 of produce. Many such features had been notably absent before 1895,
 when most commodity markets were no more than local in scope,
 prices fluctuated widely, interest rates were usurious, and speculation
 was the principal business activity. This channel of influence was
 often not actually separate from others; some efficiencies of this sort
 appeared even as by-products of other more deliberate innovations.
 These advantages tended to flow from relations among the modern
 types of business organization. Hence such benefits went to Japanese
 businessmen, though they often opened up subsidiary avenues to
 wealth for a number of Taiwanese in commerce and in service en-
 terprises.¹⁸

With no significant exceptions, the growth and spread of Japanese
 business activity in Taiwan served primarily to introduce capital
 into agriculture without greatly changing the operation of individual
 farms. It furnished a pattern of services between the fields and the
 markets in Japan through which to reap the economies of modern
 organization, and yet ensured that most of the proceeds were reinvest-
 ed on the island in a pattern determined by official decision.

The Preparations for War

• 656 During the early or middle 1930's the Japanese Empire began to
 turn toward preparations for war. The colonies were called upon to
 increase the measure of their contribution in other lines of produc-
 tion besides Empire self-sufficiency in food. Taiwan was not abun-
 dantly endowed with the heavy stuff with which the war was to be
 made—metallic ores were lacking, and coal deposits were not plenti-
 ful—and so it was permitted to assume some of the burden of process-
 ing materials formerly supplied to Japan as agricultural and other
 primary produce. This decision did not issue entirely from military
 or strategic considerations, since in many cases it amounted to no

¹⁸ Chartered banks were an exception. They harnessed funds for industrial investment, and were all owned and operated by Japanese. "... modern banks in Taiwan help to collect money from the population and loan it at a relatively low rate of interest to the big Japanese firms, while the Chinese [Taiwanese] have to apply for loans to other sources where they pay two to five times as high a rate of interest as that which the Japanese firms pay." Grajdanzev (1942), p. 126.

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more than following advantages which had been obscured by the official emphasis on foodstuffs.¹⁹

A general survey of Taiwan's part in the Japanese war program is impossible to undertake here. It is nonetheless pertinent to indicate what were some of the implications of this shift for the internal administration and economic affairs of the island. The turning point cannot be dated exactly, for the decisions behind it were probably not made at any one point of time. They rather reflected a gradual reorientation of official opinion regarding the course of development that was desirable.

From the early years of its existence, the Government-General of Taiwan had sponsored many special corporations to finance and help to organize a limited modification of agriculture. It made more intensive use of them during the 1930's to enlarge new industries that it wanted to foster. Bank credit was made available for new investments at low fixed interest rates. Subsidies were granted widely to induce old firms to enter new fields. Corporations were spared the burden of taxes, government revenue being made up through an ingenious set of other devices.²⁰ Under exclusive privileges, Japanese companies were attracted to exploit rapidly many of the virgin mineral and forest resources of the island owned by the government. Business activity was hedged about with countless regulations intended to invite mergers and reduce rivalries between firms.²¹

The sugar industry was the outstanding example of government indulgence toward private corporations and its effects. A few Japanese sugar companies had made an early start, before World War I. These were favored with direct subsidies, marketing advantages in Japan and imported equipment far superior to that traditionally used by Taiwanese.²² By keeping and improving this initial advantage, Japanese producers all but drove Taiwanese competitors out of the field. Some of them grew so quickly that they were under some compulsion to branch out into providing transportation and related

¹⁹ Special advances were made in starting hydro-electric power output and aluminum and chemical production, however, which would probably not have progressed in any such manner except by dictation from high places.

²⁰ For sources of government revenue, see Grajdanzev (1942), pp. 133-137, and *Statistical Summary*, Tables 335-345.

²¹ Stock dividends of corporations, for example, were limited by law. Since profits were high, large sums were forced into business expansion.

²² An even greater prop to the industry as a whole was tariff protection in the Japanese market, whereby Japanese consumers supplied the greatest subsidy of all. Here also Japanese companies were enabled to reap the major share of the benefit, for reasons given above.